

New Age Markets in Electricity Private Limited

NAME/MD/Reg/CERC/2022-23/IEGC/001

October 31, 2022

To,

Secretary,

Central Electricity Regulatory Commission,

3rd & 4th Floor, Chandralok Building,

36, Janpath, New Delhi -110 001

Email: shilpa@cercind.gov.in, secy@cercind.gov.in

Subject: Comments and suggestions on the Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code), 2022.

Dear Sir/ Ma'am,

Kindly refer to the Public Notice bearing No. L-1/265/2022/CERC dated July 07, 2022 inviting comments from the interested organizations on the Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code), 2022 ("**Draft Grid Code**").

We wish to provide you with our comments/ suggestions on the Draft Grid Code for your kind consideration and are annexed as Annexure to this letter.

In addition to providing this written memorandum, we are also available for making an oral representation to the staff and/or before the Hon'ble Central Electricity Regulatory Commission (hereinafter referred to as "**Commission**"), if so required.

We take this opportunity to thank you and take our comments on record.

Warm regards,


31/10/22
Kapil Dev

Managing Director

Encl : As above

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A Wing, Sixth Floor, Statesman House, Connaught Place, New Delhi – 110 001

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Annexure

Comments/ Suggestions on the Draft Grid Code

The Draft Grid Code is a welcome step which seeks to upgrade and update the grid code taking into account the developments in the Indian electricity landscape over the last one decade after Indian Electricity Grid Code, 2010 (“**IEGC, 2010**”) came into effect. Keeping the purpose of the Grid Code in mind, we wish to make the following submissions:

Preliminary suggestions

1. *Need to recognise the OTC Market and OTC Platform in the Draft Grid Code*

The Draft Grid Code is the result of the Report of the Expert Group constituted to review the IEGC, 2010. The Expert Group submitted its report in January of 2020, while Central Electricity Regulatory Commission (Power Markets) Regulations 2021 (“**PMR 2021**”) was notified in August 2021.

PMR 2021 introduced the concept of an independent OTC Platform in the power markets for the stakeholders, and provided for establishing and operating of an OTC Platform as a regulated market infrastructure institution. Thereafter, detailed guidelines were issued by the CERC for Registration and Filing of Application for setting up of OTC Platform. Hon’ble Commission, vide their order dated September 29, 2022 in the petition 157/MP/2022, has granted the permission to New Age Markets in Electricity Private Limited for establishing and operating an the OTC Platform.

In the subsequent staff paper issued, OTC Market & OTC platform on one side and Power Exchanges on the other have been categorised as part of the Institutional Arrangements for Short -term transactions.

In light of the above, it is appropriate that the Draft Grid Code recognises the OTC Platform and has enabling provisions towards the envisaged regulatory role.

2. *Role of OTC Platform as a data repository towards facilitating resource adequacy*

The Grid Code recognizes resource adequacy including planning, estimation, procurement as an integral part of power system. PMR 2021 recognises OTC Platform as an integrated repository of data Such data available with the OTC Platform will be useful not only for the buyers and sellers of electricity but also to stakeholders at large including LDCs, statutory authorities, policy groups, consulting organizations and third party service providers towards multiple facets of the market. Considering that OTC Platform is expected to evolve towards data in near real time, it is important to create enabling provisions for the digital ecosystem to develop wherein multiple agencies can participate, coordinate and cooperate seamlessly. This will not only lead to better and adequate reporting of data but will a lead to triangulation, verification and reconciliation which will become sine qua non for efficient and effective planning and resource adequacy, optimization.

Therefore, a mechanism may be introduced in the Draft Grid Code for the stakeholders in the grid management administration to interact with the OTC Platform.

3. *Data sharing with OTC Platforms*

For the OTC Platform to be able to serve its stakeholders in an efficient manner, it is imperative that the stakeholders are mandated to share data and information with OTC Platform, subject to obvious data protection

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and control protocols. The Draft Grid Code may provide a specific obligation on the regulating entities, such as load despatch centers, transmission utilities and RPC to share data generated by them or received by them with the OTC Platform. Moreover, the sellers, buyers and traders in electricity may be mandated to report the transactions concluded by them with the OTC Platform and the scheduling and despatch of electricity of bilateral transactions may be undertaken only after confirmation matching of the data on the Platform.

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Clause by Clause Suggestions

In addition to our general preliminary submissions, our specific suggestions on amendments to the Draft Grid Code are as follows:

S. No.	Existing Clause	Suggested change	Rationale
1.	<p><u>Clause 2 SCOPE AND EXTENT OF APPLICATION</u></p> <p>(1) These regulations shall apply to: all users, State Load Despatch Centres, Regional Load Despatch Centres, National Load Despatch Centre, Central Transmission Utility, State Transmission Utilities, licensees, Regional Power Committees and Power Exchanges to the extent applicable.</p>	<p><u>Clause 2 SCOPE AND EXTENT OF APPLICATION</u></p> <p>(1) These regulations shall apply to: all users, State Load Despatch Centres, Regional Load Despatch Centres, National Load Despatch Centre, Central Transmission Utility, State Transmission Utilities, licensees, Regional Power Committees and Power Exchanges <u>and OTC Platform</u> to the extent applicable.</p>	<p>The suggested change is intended to recognise OTC Platform, which is a market infrastructure institution, as a stakeholder.</p>
2.	<p><u>3. DEFINITIONS</u></p> <p>(10) ‘Bilateral Transaction’ means a transaction for exchange of energy or power (MW or MWh) between a specified buyer and a specified seller, directly or through a trading licensee or discovered in the Term Ahead Market at power exchange through anonymous bidding, and scheduled from a specified point of injection to a specified point of drawal for a fixed or varying quantum of power (MW) for any time period’</p> <p>(55) ‘Gate Closure’ means the time at which the bidding for a specific delivery period closes at the power exchange and no further bidding or</p>	<p><u>3. DEFINITION</u></p> <p>(10) ‘Bilateral Transaction’ means a transaction for exchange of energy or power (MW or MWh) between a specified buyer and a specified seller, directly or through a trading licensee <u>or through competitive bidding process, in the OTC Market facilitated through the OTC Platform</u> or discovered in the Term Ahead Market at power exchange through anonymous bidding, and scheduled from a specified point of injection to a specified point of drawal for</p>	<p>With the introduction of OTC Market and OTC Platform in the PMR 2021, significant number of ‘bilateral transactions’ will increasingly take place in the OTC Market facilitated through the OTC Platform. It is, therefore, important to recognise the fact that bilateral transactions may take place either in the OTC Market or the power exchanges, in the definition of ‘Bilateral Transactions’</p> <p>Similarly, gate closure needs to be recognised for</p>



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	<p>modification of already placed bids can take place for the said delivery period.</p>	<p>a fixed or varying quantum of power (MW) for any time period;</p> <p>(55) 'Gate Closure' means the time at which the bidding for a specific delivery period closes at the power exchange <u>or the OTC Platform</u> and no further bidding or modification of already placed bids can take place for the said delivery period.</p> <p><u>(82A) 'Over the Counter (OTC) Contracts' means the contracts transacted outside the Power Exchanges;</u></p> <p><u>(82B) 'Over the Counter (OTC) Market' is a market where OTC Contracts are transacted between the sellers and the buyers directly or through a Trading Licensee;</u></p> <p><u>(82C) 'Over the Counter (OTC) Platform' is an electronic platform for exchange of information amongst the buyers and sellers of electricity;</u></p>	<p>the OTC Contracts facilitated through the OTC Platform as well.</p> <p>The introduction of the definition of OTC Market and OTC Platform is consequentially required as these terms will be used in the Draft Grid Code, if the amendments suggested by us are accepted. The definitions have been lifted from the PMR 2021.</p>
<p>3.</p>	<p>CHAPTER 2: RESOURCE PLANNING CODE</p> <p>4. GENERAL</p> <p>(1) This chapter.....</p> <p>(2) The planning.....</p>	<p>(4) GENERAL</p> <p><u>(3) The stakeholders in resource planning, including the buyers, sellers, generators, SLDCs, RLDC, NLDC, CTU, STU, RPCs shall engage with the OTC Platform in an appropriate manner for efficient and effective resource adequacy and procurement. optimum demand estimation and</u></p>	<p>Given the fact that OTC Platform is expected to act as the data repository engagement with the OTC Platform will aid towards resource procurement planning, it will ensure data availability to stakeholders at one place and finally, provide for the advanced analytics etc. to market participants for reducing the current level of information asymmetry</p>



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		<u>resource procurement planning.</u>	and necessary information towards informed decision making.
4.	<p>28. OPERATING PHILOSOPHY</p> <p>(1) All entities such as NLDC, RLDCs, SLDCs, CTU, STUs, RPCs, power exchanges , QCAs, SNAs, licensees, generating stations and other grid connected entities shall at all times function in coordination to ensure stability and resilience of the grid and achieve maximum economy and efficiency in operation of power system.</p>	<p>28. OPERATING PHILOSOPHY</p> <p>(1) All entities such as NLDC, RLDCs, SLDCs, CTU, STUs, RPCs, power exchanges, <u>OTC Platform</u>, QCAs, SNAs, licensees, generating stations and other grid connected entities shall at all times function in coordination to ensure stability and resilience of the grid and achieve maximum economy and efficiency in operation of power system.</p>	The suggested change is intended to recognise OTC Platform, which is a market infrastructure institution, as a stakeholder
5.	<p>44. RESPONSIBILITIES OF LOAD DESPATCH CENTERS</p> <p>(1) The Regional Load Despatch Centre, in discharge of its functions under the Act, shall be responsible for the following, within its regional control area:</p> <p>(g) Furnishing availability of transmission corridors to the Power Exchange(s) for day ahead and real time collective transactions and in case of congestion, allocating available transmission corridors among Power Exchange(s) in the ratio of initial unconstrained market clearing volume in the respective Power Exchange(s).</p>	<p>44. RESPONSIBILITIES OF LOAD DESPATCH CENTERS</p> <p>(1) The Regional Load Despatch Centre, in discharge of its functions under the Act, shall be responsible for the following, within its regional control area:</p> <p>(g) Furnishing availability of transmission corridors to the Power Exchange(s) <u>and OTC Platform</u> for day ahead and real time <u>bilateral transactions/</u> collective transactions and in case of congestion, allocating available transmission corridors among Power Exchange(s) <u>and OTC Platform</u> in the ratio of initial unconstrained market</p>	The OTC Platform shall be facilitating transactions in the OTC Market. For the transactions in the OTC Market that are facilitated through the OTC Platform, it is important for the OTC Platform to have visibility of the availability of the transmission corridor. Availability of corridor is necessary information for decision making on buy/sell decisions

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		clearing volume in the respective Power Exchange(s) and the OTC Platform.	
6.	<p>45. GENERAL PROVISIONS</p> <p>(15) A generating station including renewable energy generating station shall be allowed to draw power from ISTS during non-generation hours, whether before COD or after COD, only after obtaining schedule for such drawal of power in accordance with a valid contract entered into by it with a seller or distribution licensee or through power exchange.</p>	<p>45. GENERAL PROVISIONS</p> <p>(15) A generating station including renewable energy generating station shall be allowed to draw power from ISTS during non-generation hours, whether before COD or after COD, only after obtaining schedule for such drawal of power in accordance with a valid contract entered into by it with a seller, <u>in the OTC Market facilitated through the OTC Platform,</u> or distribution licensee or through power exchange.</p>	The suggested language has been added to clarify that a generating station may enter into a contract for drawal of power with a seller in the OTC Market facilitated through the OTC Platform, besides through power exchanges.
7.	<p>46. SECURITY CONSTRAINED UNIT COMMITMENT (SCUC)</p> <p>(4) The SCUC may be undertaken on day ahead basis, in respect of the generating stations or units thereof, for which tariffs are determined by the Commission under section 62 of the Act, as per the following process:</p> <p>(a) By 1330 Hrs of D-1 day, 'D' being the day of delivery, NLDC in coordination with RLDCs shall publish a tentative list of generating stations or units thereof, which are likely to be scheduled below the minimum turn down level of the respective stations for some or all the time blocks of the D day, based on beneficiary requisitions and initial unconstrained bid results of DAM in</p>	<p>46. SECURITY CONSTRAINED UNIT COMMITMENT (SCUC)</p> <p>(4) The SCUC may be undertaken on day ahead basis, in respect of the generating stations or units thereof, for which tariffs are determined by the Commission under section 62 of the Act, as per the following process:</p> <p>(a) By 1330 Hrs of D-1 day, 'D' being the day of delivery, NLDC in coordination with RLDCs shall publish a tentative list of generating stations or units thereof, which are</p>	As the OTC Platform too may be facilitating day ahead bilateral transactions, NLDC and RLDC must also take stock of the requisitions based on the contracts facilitated through the OTC Platform by the cut-off time. Hence, the suggested change.

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	power exchanges, received till 1300 Hrs of the D-1 day.	likely to be scheduled below the minimum turn down level of the respective stations for some or all the time blocks of the D day, based on, beneficiary requisitions and initial unconstrained bid results of DAM in power exchanges, <u>or beneficiary requisitions and unconstrained bid results of day ahead contracts facilitated through the OTC Platform</u> , received till 1300 Hrs of the D-1 day.	
8.	<p>47. PROCEDURE FOR SCHEDULING AND DESPATCH FOR INTER-STATE TRANSACTIONS</p> <p>(1) The following scheduling related activities shall be carried out on daily basis for regional entities, on day ahead basus, 'D-1' day, for supply of power on 'D' day, as follows:</p> <p>(p) Issue of schedules by SLDC;</p> <p>(i) SLDCs shall take into account the schedule released by the concerned RLDC for their intra-State entities and finalise the intra-State schedule.</p> <p>(ii) Power Exchange(s) shall furnish the detailed break up of each point of injection and each point of drawal within each State to respective SLDCs after receipt of acceptance from NLDC. Power Exchange(s) shall ensure necessary coordination with SLDCs for scheduling of the transactions.</p>	<p>47. PROCEDURE FOR SCHEDULING AND DESPATCH FOR INTER-STATE TRANSACTIONS</p> <p>(1) The following scheduling related activities shall be carried out on daily basis for regional entities, on day ahead basus, 'D-1' day, for supply of power on 'D' day, as follows:</p> <p>(p) Issue of schedules by SLDC;</p> <p>(i) SLDCs shall take into account the schedule released by the concerned RLDC for their intra-State entities and finalise the intra-State schedule.</p> <p>(ii) Power Exchange(s) <u>and OTC Platform</u> shall furnish the detailed break up of each point of injection and each point of drawal within each State to respective SLDCs</p>	<p>The suggested change is intended to recognise OTC Platform, which is a market infrastructure institution, as a stakeholder</p>



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		after receipt of acceptance from NLDC. Power Exchange(s) and OTC Platform shall ensure necessary coordination with SLDCs for scheduling of the transactions.	
9.	47(7) In case of forced outage of a unit of a generating station (having generating capacity of 100 MW or more) and selling power under bilateral transaction (excluding collective transactions in day ahead market and real time market through power exchange), the generating station or electricity trader or any other agency selling power from the unit of the generating station shall immediately intimate the outage of the unit along with the requisition for revision of schedule and estimated time of restoration of the unit, to SLDC or RLDC, as the case may be. The schedule of beneficiaries, sellers and buyers of power from this generating unit shall be revised accordingly. The revised schedules shall become effective from the time block and in the manner as specified in Clause (4) of this Regulation:	47(7) In case of forced outage of a unit of a generating station (having generating capacity of 100 MW or more) and selling power under bilateral transaction (excluding collective transactions in day ahead market and real time market through power exchange and OTC Contracts facilitated through the OTC Platform), the generating station or electricity trader or any other agency selling power from the unit of the generating station shall immediately intimate the outage of the unit along with the requisition for revision of schedule and estimated time of restoration of the unit, to SLDC or RLDC, as the case may be. The schedule of beneficiaries, sellers and buyers of power from this generating unit shall be revised accordingly. The revised schedules shall become effective from the time block and in the manner as specified in Clause (4) of this Regulation:	The OTC Contracts that may be facilitated through the OTC Platform too may involve multiple parties, including in case of competitive bidding. Any change in the attributes of the OTC Contract facilitated through the OTC Platform, such as revision of schedule will have impact on the OTC Contract so facilitated through the OTC Platform, Accordingly, like collective transactions undertaken through the Power Exchanges, Contracts facilitated through the OTC Platform too should be exempted.

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